

Before the
United States Patent and Trademark Office
Alexandria, VA

In re

Request for Comments on Motion to Amend Practice and Procedures in Trial Proceedings under the America Invents Act before the Patent Trial and Appeal Board

Docket No. PTO-P-2018-0062

**COMMENTS OF
COMPUTER & COMMUNICATIONS INDUSTRY ASSOCIATION**

In its Notice of Proposed Rulemaking (the “NPRM”), published in the Federal Register at 83 Fed. Reg. 54319 (Oct. 29, 2018), the United States Patent and Trademark Office (the “Office”) solicited comments regarding a proposed change to the motion to amend procedure in America Invents Act (“AIA”) trials. In addition to comments on the proposed procedural change, the Office also solicited comments on a proposed pilot program implementing the new procedure and on whether the Office should continue to allocate the burden of persuasion on substitute claims to petitioners. The Computer & Communications Industry Association (“CCIA”)¹ submits the following comments.

I. Summary of CCIA’s positions

The proposed amendment procedure is unnecessary. It would create new inefficiencies for participants in AIA trials, including the Office, while being unlikely to change the rate at which amendments are proposed or approved in AIA trials. In addition, the proposal conflicts with previous statements the Office has made, including statements made justifying other rules and statements made by the United States government in litigation. These conflicts raise concerns about whether the proposal complies with the requirements of the Administrative Procedure Act (“APA”). CCIA suggests that the appropriate response to these concerns is to terminate this NPRM and issue a new NPRM that corrects the infirmities identified in detail below.

In addition to the APA concerns raised by the proposed amendment procedure, the proposed pilot program also raises APA concerns. In particular, the proposed pilot program appears to silently overrule a validly promulgated rule in every circumstance in which that rule would have a meaningful effect. The proposed pilot program would also be applied to non-consenting participants in AIA trials, making its designation as a “pilot” program questionable.

¹ CCIA is an international nonprofit membership organization representing companies in the computer, Internet, information technology, and telecommunications industries. Together, CCIA’s members employ nearly half a million workers and generate approximately a quarter of a trillion dollars in annual revenue. CCIA promotes open markets, open systems, open networks, and full, fair, and open competition in the computer, telecommunications, and Internet industries. A complete list of CCIA members is available at <http://www.cciagnet.org/members>.

With respect to the burden of persuasion, CCIA notes that the burden of persuasion would be most appropriately placed on the patent owner. This would be consistent with the general practice in district courts of placing the burden on the moving party, as well as the Office’s previous practice in interference proceedings. Such a change would also be permissible under the Federal Circuit’s decision in *Aqua Products*.² To the extent the Office wishes to retreat from its previous position that the patent owner should bear the burden of persuasion on motions to amend, the only other appropriate party on which to place the burden would be the Patent Trial and Appeal Board (the “Board”). The petitioner is an inappropriate party to bear the burden of “protect[ing] the public’s ‘paramount interest in seeing that patent [rights] are kept within their legitimate scope,’”³ outside of the petitioner’s own interests. While the petitioner’s interests may align with the public’s interest with respect to the initially petitioned claims, there is no such guarantee of alignment with respect to claims added or amended by the patent owner. Accordingly, the petitioner—while potentially providing helpful information regarding patentability—cannot be considered to be the appropriate party to bear the burden of persuasion.

Whether the Office intends to maintain its long-standing position that the appropriate placement of the burden is on the patent owner or to shift to placing the burden on the Board, conducting a rulemaking to shift the burden away from the petitioner is desirable.

Finally, CCIA submits certain comments regarding the structure of the proposed amendment procedure. In particular, CCIA submits that the statutory 12-month deadline is only subject to extension “for good cause” and that amendments, being available to the patent owner via other procedures such as reissue, supplemental examination, or *ex parte* reexamination, would rarely if ever represent such good cause. Any rule on amendments that would result in proceedings regularly exceeding the 12-month deadline would also be of questionable validity, given the statutory mandate to consider the ability of the Board to timely complete proceedings when the Office engages in rulemaking. CCIA also suggests that contingent motions to amend be eliminated. Particularly given the additional round of amendments the new procedure would make available, contingent amendments will create a significant burden on all participants in the process and their elimination would help ensure the statutory 12-month deadline is met.

II. The proposed procedure is unnecessary and likely to impose costs out of line with any potential benefit

Providing an opportunity to revise the proposed amendment in a motion to amend process will not result in a meaningful increase in amendment practice in front of the Board. It will, however, increase the burden on petitioners, patent owners, and the Board. Accordingly, the proposed amendment procedure should be rejected in its entirety.

A. The lack of proposed amendments and the low rate of successful amendments are due to factors that are independent of the amendment procedure used

Patent owners choose not to amend not because they feel the process is futile, but because amendments would result in the creation of intervening rights and the concomitant loss of damages in co-pending litigation. As *inter partes* reviews (“IPRs”) frequently have co-pending litigation—at least 80% of IPRs are estimated to have co-pending litigation⁴—this alone explains

² *Aqua Products v. Matal*, 872 F.3d 1290, 1342 (Fed. Cir. 2017).

³ *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 44 (2016).

⁴ See, e.g., Saurabh Vishnubhakat *et al.*, “Strategic Decision Making in Dual PTAB and District Court Proceedings”, 31 Berkeley Tech. L.J. 45 (2016), available at <http://ssrn.com/abstract=2731002>.

the lack of amendments. In fact, the Office itself explained the lack of amendments as being due to the issue of intervening rights in order to justify its recent claim construction rule change.⁵

Further, patent owner attempts to avoid intervening rights are widely understood as a key reason that amendments often fail. Intervening rights are created unless the amended claim is “substantially identical”⁶ to the original claim. Patent owners frequently propose claims that are substantially identical in scope to the original in order to avoid creating intervening rights. However, because amendments are essentially always treated as contingent amendments that will not be considered unless the original claim is invalidated, amended claims are only likely to be examined in the case when a substantially identical claim has already been ruled invalid. This explains the relatively poor track record of proposed amendments.

Importantly, the lack of amendments and the lack of successful amendments are completely independent of the procedure used to amend. As a result, changes in procedure would not affect patent owners’ rationales for choosing not to amend in IPRs.

B. The lack of amendments is also attributable to the availability of other avenues to obtain new and amended claims

In addition to the desire to avoid the creation of intervening rights, patent owners also choose not to amend because amendment in an IPR is less desirable than amendment in either continuation practice or in non-*inter partes* post grant proceedings such as reissue. Common practice is to ensure that an open continuation exists, especially for a patent that may be litigated.⁷ An open continuation allows the applicant to pursue the amendment in an uncontested proceeding, while not affecting the ongoing IPR process. Similarly, even if a claim is found unpatentable in an IPR, the patent owner may still revive the patent via reissue, allowing the patent owner to postpone the amendment to an uncontested proceeding rather than testing it within the IPR.

The wide availability of alternative routes allowing a patent owner to amend in uncontested proceedings is a secondary factor in the lack of amendments in IPRs. Because the reason for the lack of amendments is unrelated to procedure, changes in procedure would not affect the rationale for deciding not to amend in an IPR.

C. Given that the proposed procedure should not be expected to increase the rate of successful amendments, but will impose additional burdens on petitioners, patent owners, and the Board, there is no policy justification for this proposal

As outlined above, the primary rationales which lead to a lack of amendments and a lack of successful amendments are unrelated to the current motion to amend procedure and would not be affected by the proposed changes. Because of this, changes in procedure are unlikely to increase the number of attempted amendments, much less the number of successful amendments.

⁵ See Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board, 83 Fed. Reg. 51340, 51348-49, 51350 (Oct. 11, 2018) (“Claim amendments in AIA proceedings have therefore been relatively rare . . . Accordingly, one of the original bases suggested for the use of BRI has not been borne out, and the Office no longer believes that the opportunity to amend in an AIA proceeding justifies the use of BRI”) (hereafter “Final Claim Construction Rule”).

⁶ 35 U.S.C. § 252.

⁷ For example, in *Aqua Products*, the patent owner had an open continuation during the course of the IPR and could have either amended the claims in the continuation or filed an additional continuation to pursue those claims. See Supplemental Brief on Rehearing *En Banc* for Intervenor—Director of the United States Patent and Trademark Office, *Aqua Products v. Matal*, Case No. 2015-1177, Doc. No. 125 at 35 n.13 (Oct. 26, 2016).

While the proposed procedure for motions to amend would not increase the number of successful amendments, it would significantly increase the burdens on all participants in the process. Instead of a single set of amended claims responded to in a single round of briefing, the new procedure requires parties to address multiple sets of claims, each of which may require additional time and effort to locate and address appropriate prior art. This includes additional rounds of briefing. In addition to the burden on the petitioner and patent owner, the Board is also required to provide additional analysis and preliminary decision on the motion to amend.

These additional rounds of briefing and associated activities such as prior art searches represent significant additional burdens on all parties. Given that no difference in outcome can be expected with respect to the majority of proposed amendments, the proposed procedure fails to provide a benefit that exceeds its cost.

III. The proposed procedure raises serious concerns under the APA

In addition to the lack of any benefit outweighing the cost of the proposed amendment procedure, the proposed procedure does not appear to comply with the requirements of the APA. The purported rationale of this rulemaking—to increase the number of granted amendments—is directly contrary to one of the Office’s justifications for the recently issued rule on claim construction, which relied on the low number of amendments to justify changing away from the broadest reasonable interpretation. In addition, the proposed “pilot program” is not a pilot but in fact represents a wholesale change in regulation, repealing an existing validly promulgated rule without the required notice and comment rulemaking. In both instances, the Office’s action appears to be arbitrary and capricious.

A. The Office justified its change of claim construction based on the lack of amendments in AIA trials, but now attempts to change the facts underpinning the previous rule without addressing this contradiction

As CCIA noted in our comments on the claim construction rulemaking, the Director’s intent to modify amendment procedures made the change in claim construction standard untimely.⁸ The failure of the Office to concurrently address amendments and claim construction now requires the Office to provide a justification for undercutting the justification for its own rulemaking.

In the Final Claim Construction Rule, the Office rested its new policy on the factual finding that amendments in AIA trials are not prevalent. The Office cited to the lack of amendments in AIA trials as justification for the change of the claim construction standard.⁹

In the present rulemaking, conducted within the same quarter, the Office attempts to change the factual situation it used to justify the claim construction rule. Such an attempt, absent a clear justification for undercutting a core factual underpinning of its previous rulemaking, represents arbitrary and capricious agency action.¹⁰

⁸ See Comments of the Computer & Communication Industry Association on Docket No. PTO-P-2018-0036 at 1-2 (July 2018), available at <http://www.ccianet.org/wp-content/uploads/2018/07/CCIA-Comments-on-the-Proposal-to-Adopt-the-Phillips-Standard-in-AIA-Trials.pdf>.

⁹ See Final Claim Construction Rule at 51348, 51349, 51350 (“the Office no longer believes that the opportunity to amend in an AIA proceeding justifies the use of BRI.”).

¹⁰ See *FCC v. Fox Television Stations, Inc.*, 556 U.S. 502, 513 (2009) (“when, for example, its new policy rests upon factual findings that contradict those which underlay its prior policy ... would be arbitrary and capricious to ignore such matters.”); see also *HBO, Inc. v. FCC*, 567 F.2d 9, 43 (D.C. Cir. 1977) (new rule would have created an effect

The Office has failed to provide such a justification in the NPRM. Absent such a justification, it is impossible for the public to comment on the agency's justification or provide further input. Accordingly, the Office must, at a minimum, issue a new NPRM providing such a justification. CCIA respectfully suggests that such an NPRM include proposed changes to the previous claim construction rulemaking, such as reinstating the broadest reasonable interpretation standard in proceedings in which amendments are filed.

B. The "pilot program" is not actually a pilot program, but rather an arbitrary overruling of existing regulations violating the Office's APA responsibilities

Beyond the conflict between the previous claim construction regulation promulgated by the Office, an additional concern is that the proposed "pilot" program attempts to overrule existing regulations without conducting statutorily required rulemaking.

1. The proposed program is not a "pilot" but rather a rule that would apply to all AIA proceedings

The Office proposes a "pilot" program that would apply to any proceeding in which a motion to amend is filed. By applying the "pilot" to any AIA trial in which a motion to amend is filed, the Office has effectively applied the "pilot" to all AIA trials. That the proposed procedure is the promulgation of a new rule, not a "pilot", is made particularly clear by the fact that neither the patent owner nor the petitioner is provided with the ability to consent (or deny consent) to use of the new procedures.¹¹ Even a single party choosing to opt out of the program terminates a normal pilot program.

A "pilot" program which provides a new rule for all applicable procedures without the consent of all parties is not a pilot, but rather the promulgation of a new rule. In the NPRM, the Office promulgates a new rule without stating that such a rule is to be created. While the Office could permissibly modify the rule governing amendment procedure, the Office has not proposed to do so in the NPRM and thus, at a minimum, a new NPRM must issue.

2. The Office's proposed "pilot" program bypasses notice and comment

Further, the Office proposes that this new rule be applied, not as a change of regulation but rather as a program which "the Office may modify ... during the course of the pilot."¹² In doing so, the Office has essentially arrogated to itself the power to create any rule for amendments it so chooses in a fashion that avoids undertaking the required notice and comment rulemaking. While the Office might suggest that it would forbear from significant modifications to the pilot program, the proposed rule places no such limits on modifications.

The proposed rule thus represents a clear violation of the APA's statutory requirements for notice and comment for new, modified, and repealed rules.

3. The proposed program silently repeals a validly promulgated regulation

Currently, 37 C.F.R. § 42.121 requires that any additional motion to amend be filed only with Board authorization. The Board may only grant such authorization "when there is a good cause showing" or at the joint request of petitioner and patent owner.

directly contrary to an earlier rule, and "[a]s a result the [new] rule could not have been sustained on the record before us.')

¹¹ NPRM at 54320 ("[o]nce implemented as a pilot program, the new amendment procedure would be the only option available for amending claims in AIA proceedings.')

¹² NPRM at 54324.

The Office proposes to deem “good cause” to exist in any proceeding in which the Board issues a preliminary decision on a motion to amend.¹³ However, as described above, the Office proposes that the Board issue a preliminary decision in all AIA trials in which a motion to amend is filed. As such, the Office effectively reads out “good cause” from the existing rule. Such a modification must be done via notice and comment rulemaking, not via a “pilot” program whose parameters are subject to change at any time without notice.

While it might be permissible for the Office to amend 37 C.F.R. § 42.121 to explicitly authorize additional motions to amend in response to preliminary decisions, that is not what the Office proposes to do in this NPRM. Instead, the Office proposes to effectively treat 37 C.F.R. § 42.121 as a dead letter, in practice silently repealing a rule without conducting notice and comment rulemaking to do so.

Given the aforementioned flaws in the proposed procedure, CCIA suggests that the appropriate action is to terminate this NPRM and create a new NPRM that addresses the infirmities of the proposed procedure. This NPRM should also address the conflict between the justifications used for the Final Claim Construction Rule and the proposed amendment rule, or reopen the question of the standard of construction to be employed in AIA trials.

IV. The Office should engage in rulemaking to place the burden of persuasion on the patent owner

Currently, in the wake of *Aqua Products*, in motions to amend the burden of production lies on the patent owner and the burden of persuasion lies on the petitioner.¹⁴ However, the burden of persuasion should lie on the patent owner, and the Office should engage in rulemaking to achieve this end.

As the Office outlined, at length, in its *Aqua Products* briefing, the most natural and most logical place for the burden of persuasion to lie is on the patent owner.¹⁵ The PTO Aqua Products Brief explains that “established legal principles [] place the burden on the party seeking relief.”¹⁶ The PTO Aqua Products Brief notes that this principle applies in district courts, is the default rule for agency actions, and is consistent with the Office’s own interference practice.¹⁷ And finally, the Brief notes that “the patent owner is in the best position to understand how the prior art relates to its proposed substitute claims” and thus is the most appropriate person to defend the proposed amendment.¹⁸

The Office’s previous statements are no less true now than they were when the Office filed its brief with the Federal Circuit. Established legal principles continue to place the burden on the party seeking relief. That principle continues to be applied in district courts, agency proceedings, and in the derivation practice that has succeeded interferences. And the patent

¹³ NPRM at 54320 (“the issuance of the Board’s preliminary decision addressing the initial motion to amend will be deemed ‘good cause’”).

¹⁴ See USPTO, Guidance on Motions to Amend in view of *Aqua Products* at 2 (Nov. 21, 2017); *Western Digital Corporation, v. Spex Technologies, Inc.*, IPR2018-00082, Paper 13 (Apr. 25, 2018).

¹⁵ See, e.g., Supplemental Brief on Rehearing *En Banc* for Intervenor-Director of the United States Patent and Trademark Office, Case 15-1177 Doc. No. 125, at 1 (“[p]lacing that burden on the patent owners is fully consistent with normal practice and common sense”) (hereinafter “PTO Aqua Products Brief”), available at <https://patentlyo.com/media/2016/10/Aqua-Products-PTO-brief.pdf>.

¹⁶ PTO Aqua Products Brief at 10.

¹⁷ *Id.* at 25.

¹⁸ *Id.* at 30.

owner remains in the best position to understand the relationship between the prior art and the substitute claims it proposes.

In addition, a majority of the Federal Circuit in *Aqua Products* held that the relevant section of the statute is ambiguous regarding who should bear the burden of persuasion on motions to amend and that a properly conducted rulemaking could place the burden on the patent owner, receiving deference from the Federal Circuit.

The Office should thus conduct such a rulemaking with an eye towards placing the burden where the Office has always contended it belongs—on the patent owner.

A. Placing the burden on the patent owner is consistent with practice in the courts, in agency proceedings, and in other Office proceedings

In general, and in particular in district court proceedings, the movant bears the burden of persuasion.¹⁹ As the movant with respect to a motion to amend, the patent owner would thus ordinarily bear the burden of persuasion.

Similarly, the APA’s default rule, unless otherwise provided by statute,²⁰ is that the proponent of a rule or order bears the burden of proof.²¹

Finally, the Office has previously used such a rule in interference practice. Derivation proceedings, the successor to interference practice under the AIA and themselves defined as an AIA trial, allow certain motions to amend. Those motions are made under 37 C.F.R. § 42.22.²² And under § 42.20, the “moving party has the burden of proof to establish that it is entitled to the requested relief” in a § 42.22 motion. Accordingly, placing the burden on the patent owner would also be consistent with Office practice. This placement of the burden was confirmed by the Federal Circuit.²³

CCIA has been unable to identify any ordinary proceeding in which the non-moving party bears the burden of proof and thus the current rule is unjustifiable on the grounds of consistency.²⁴ In addition, the Office has previously expressed a desire to improve consistency between Office proceedings and the courts. As all other *inter partes* proceedings at the Office and contested motions in the courts place the burden on the moving party, placing the burden of persuasion in motions to amend on the patent owner would be consistent with these other venues.

B. A majority of the Federal Circuit would permit such a rulemaking, including the placement of the burden on the patent owner

In the *Aqua Products* appeal, the Federal Circuit issued a number of different concurring opinions. The majority opinion held only that the Office had not adopted a rule deserving of

¹⁹ See, e.g., C. Mueller & L. Kirkpatrick, *Evidence* § 3.1, p. 104 (3d ed. 2003) (“Perhaps the broadest and most accepted idea is that the person who seeks [] action should justify the request[.]”).

²⁰ As discussed in more detail below, a majority of the Federal Circuit has determined that the AIA does not expressly place the burden of persuasion on the petitioner with respect to motions to amend.

²¹ 5 U.S.C. § 556(d).

²² See *Changes to Implement Derivation Proceedings*, 77 Fed. Reg. 56068, 56078 (Sept. 11, 2012).

²³ See, e.g., *Kubota v. Shibuya*, 999 F.2d 517, 521 (Fed. Cir. 1993).

²⁴ While amendments in patent examination effectively place the burden on the Office to show non-patentability, the Office has made explicit that amendments in AIA proceedings are “substantially different than amendments during examination.” See Final Claim Construction Rule at 51350. The Office has also effectively ignored inconsistency between examination and AIA trials by employing a different claim construction standard in the two. See generally Final Claim Construction Rule. Accordingly, the Office cannot justify the inconsistency by reference to examination practice.

deference and placing the burden on the patent owner.²⁵ However, a majority of judges also held that a rule placing the burden on the patent owner would be permissible and deserving of deference if a rulemaking were to be conducted.²⁶

The Office could thus permissibly engage in rulemaking and assign the burden to the patent owner, and a majority of the Federal Circuit would find such an assignment deserving of deference.

As such a rulemaking would improve consistency, a stated goal of the Office, and has already received an indication that a majority of the Federal Circuit would defer to such a rule if properly promulgated, the Office should proceed with a rulemaking to place the burden of persuasion on the patent owner.

V. The burden of persuasion cannot lie on the petitioner

If the Office wishes to change away from this position, the only other appropriate placement of the burden is on the Board. Placement of the burden of persuasion on the petitioner is inconsistent with other Office practices, inconsistent with a major goal of AIA trials, and inconsistent with the Office's own statements in recent cases.

A. The Office bears the burden of persuasion in other Office proceedings

As stated above, the burden properly lies on the patent owner. To the extent the Office refuses to defend its prior position that the burden should so lie, as accepted by a majority of the Federal Circuit, the only other place the burden may lie that would not create an unusual and unjustifiable placement is on the Office.

In no other circumstance at the Office does a petitioner or challenger of a claim bear the burden of persuasion of the invalidity of an amended claim. As described above, in interference and derivation practice, the burden is on the proponent of the amendment. Placement on the petitioner is improper for reasons described in more detail below, but in addition, it would create a procedure unusual and inconsistent with other areas of law and with Office practice.

While district courts, other agencies, and interference practice all place the burden on movants, the Office does conduct one type of proceeding in which the burden lies on the Office—examination. However, the Office has explicitly rejected the notion that amendments in examination and AIA trials are comparable, stating that AIA amendments are “substantially different than amendments during examination.”²⁷ As such, placing the burden on the patent owner remains preferable, but the Office is the only other choice.

B. The petitioner may have insufficient interest to ensure an active investigation of patentability of the amended claims

While a petitioner may generally be presumed to have sufficient interest to ensure that the original claims of the patent are actively investigated, as they chose to challenge those claims, the same presumption does not hold with respect to amended claims.

²⁵ See *Aqua Products v. Matal*, 872 F.3d 1290, 1327-28 (Fed. Cir. 2017).

²⁶ See *id.* at 1335 (Judges Reyna and Dyk noting that “a majority of the court interprets § 316(e) to be ambiguous as to the question of who bears the burden of persuasion in a motion to amend claims”); *id.* at 1342 (Judges Taranto, Prost, Chen, Hughes, Dyk, and Reyna stating that the Director has the authority “to address who has the burden of persuasion on the patentability of substitute claims” and that the statute “does not unambiguously bar assigning that burden to the patent owner.”).

²⁷ See Final Claim Construction Rule at 51350.

In particular, when an amended claim no longer presents a risk of infringement to a petitioner, the petitioner has no incentive to expend additional resources to invalidate that claim, even if the claim is clearly invalid. A petitioner with no infringement concerns over the amended claim might fail to pursue such a claim with full vigor, or even choose not to challenge the claim at all. In *Aqua Products*, Judge Taranto noted exactly this problem, stating that “[n]o guarantee of such a petitioner challenge applies to a patent owner’s proposed substitute claims.”²⁸ The Office has also noted this problem, stating “a petitioner may not have an interest in challenging patentability of any substitute claims.”²⁹ Indeed, the statute itself recognizes that petitioners may absent themselves from the proceeding by settlement and allows the Office to pursue a final decision on its own.³⁰

If the burden is placed on the petitioner, an amended claim might well issue that has not received the benefit of the scrutiny brought to bear by an engaged petitioner, acting to protect the public interest. Absent this scrutiny, AIA trials no longer serve their purpose of “help[ing] protect the public’s ‘paramount interest in seeing that patent monopolies ... are kept within their legitimate scope.’”³¹ The Office, however, could be expected to vigorously pursue a full investigation of patentability in order to serve that public interest, just as examiners do every day in the course of examination.

Accordingly, to the extent the Office does not wish to place the burden on the patent owner, the Office is the only appropriate place on which the burden may be placed in order to protect the public.

C. *Placing the burden on the petitioner is inconsistent with the Office’s statements in court in cases such as Saint Regis Mohawk*

The Office has made clear that its position is that AIA trials are understood as “the USPTO’s own proceeding” and “the government’s reconsideration of the government’s own decision.”³² This position was confirmed by the Supreme Court in *Oil States*, stating that an AIA trial is “reconsideration of the Government’s decision to grant a public franchise.”³³

Given the Office’s position in litigation that the proceeding is the Office’s own proceeding, it would be inappropriate for the Office to reverse course and place the burden of persuasion—on a proceeding the Office understands to be its own proceeding—on a third party. To the extent the burden is not on the patent owner as movant, the burden of persuasion must fall on the party conducting the proceeding—the Office.

D. *Placing the burden on the petitioner conflicts with the Office’s recent updates to the PTAB Trial Practice Guide*

The Office recently released an update to the PTAB Trial Practice Guide.³⁴ In that update, the Office states that petitioners may not, in a reply to a motion to amend, introduce new

²⁸ *Aqua Products*, 872 F.3d at 1351 (Taranto, J., dissenting).

²⁹ USPTO, Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board, 80 Fed. Reg. 50720, 50723 (Aug. 20, 2015).

³⁰ 35 U.S.C. § 317.

³¹ *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 44 (2016).

³² See Brief for the United States as Amicus Curiae In Support of Appellees, *Saint Regis Mohawk Tribe and Allergan, Inc. v. Mylan Pharms. et al.*, Case 18-1638 Doc. 64 at 18, 19 (Fed. Cir. 2018).

³³ *Oil States Energy Svcs. v. Greene’s Energy Group, LLC*, 138 S. Ct. 1365, 1371 (2018).

³⁴ See USPTO, “Trial Practice Guide Update (August 2018)” (Aug. 2018), available at https://www.uspto.gov/sites/default/files/documents/2018_Revised_Trial_Practice_Guide.pdf.

issues.³⁵ Under this guidance, the burden of persuasion may not lie on the petitioner, as the petitioner is rendered unable to introduce potentially necessary evidence by the Office’s own guidance that it is improper for a petitioner to reference “newly cited prior art references intended to ‘gap-fill’ by teaching a claim element that was not present in the prior art presented with the petition.”³⁶ A patent owner could simply amend a claim to include an element not found in the prior art presented with the petition, rendering the amended claim effectively unchallengeable by the petitioner even if the new element was well-known to a person of ordinary skill in the art. The Office must therefore bear the burden if the patent owner is not to bear it.

In addition, CCIA recommends that the Office update the Trial guidance in order to clarify that a petitioner may introduce new evidence and new issues, such as new rationales to combine, in response to a patent owner’s amendment. In some circumstances these new rationales may extend to original claims as well. For example, if a newly added substitute dependent claim necessitates the introduction of new prior art, it would be proper for a petitioner to introduce argument regarding the validity of the original claims under the new combination as the independent claim must also be invalid under the new combination.

VI. The proposed procedure does not provide good cause shown for extension of proceedings beyond the statutory 12-month limit

The AIA explicitly states that a final determination “be issued not later than 12-months after the date on which the [Director](#) notices the institution of a review under this chapter, except that the [Director](#) may, for good cause shown, extend the 1-year period.”³⁷ While CCIA does not exclude the possibility of a showing of cause for extension of the 1-year period in exceptional cases, the proposed amendment procedure would not typically represent good cause for such an extension. Accordingly, any rule that suggests a default or regular practice of extension of time for cases with amendments must be rejected.

At the outset, if the amendment proceeding is likely to regularly require significant additional time from the Board panel hearing a particular case such that the statutory 12-month deadline is threatened, such a rule would in and of itself fail to comply with the statutory factors Congress has set forth to guide the Office in rulemaking. The Director is statutorily obligated to consider “the ability of the Office to timely complete proceedings”³⁸ when prescribing regulations, and those regulations must themselves implement the requirement that final determinations be issued within 12 months.³⁹ Agency action that fails to meet statutory requirements “must be set aside.”⁴⁰

Accordingly, a rule that would cause AIA trials to fail to meet the statutory 12-month deadline on a regular basis could not be validly promulgated.

In addition, it is questionable whether good cause could ever exist with respect to a contingent motion to amend. For example, if a contingent motion to amend were pending and the 12-month deadline approached, the Board could simply deny entry of the motion, without prejudice or a determination regarding patentability, in order to ensure compliance with the 12-

³⁵ *Id.* at 15.

³⁶ *Id.* at 15.

³⁷ 35 U.S.C. § 316(a)(11).

³⁸ 35 U.S.C. § 316(b).

³⁹ 35 U.S.C. § 316(a)(11).

⁴⁰ See *Citizens to Preserve Overton Park, Inc. v. Volpe*, 401 U.S. 402, 414 (1971).

month statutory deadline. The patent owner would still be able to amend their claims in post-AIA proceedings such as reissue. Given the lack of prejudice to the patent owner from such an avenue, no good cause would exist for extension.

Any rule that issues from this NPRM must not create a procedural situation which would result in the regular violation of the statutory 12-month requirement, and no presumption of a showing of good cause for extension can be part of such a rule.

VII. Amendments should be presumed to be non-contingent

Contingent amendments impose additional burdens on the parties. Each party is faced with the necessity of addressing an additional set of claims—claims which may not even be reviewed by the Board if the Board finds the original claims patentable—leading to a less focused and more costly proceeding. Further, the Board must provide a review of an additional set of claims in the event that the original claims are found invalid, increasing the workload placed on the Board and thereby creating time constraints and increasing the cost of the proceeding to the petitioner.

In addition, eliminating contingent amendments would be consistent with the Office's original rationale for allowing them. In particular, the previous procedure had only limited impact from permitting contingent motions to amend because the Board would only consider the amended claims if the original claims are found invalid.⁴¹ However, the newly proposed proceeding would require the Board to consider the patentability of amendments whenever an amendment was filed, not just when the original claims are found invalid. This will add significantly to the Board's workload, removing any justification for permitting contingent amendments.

Eliminating the use of contingent amendments would thus help to limit any concern about Board workload and assist the proposed rule in complying with the 35 U.S.C. § 316(a)(11) 12-month statutory deadline.

⁴¹ See, e.g., USPTO, Patent Trial and Appeal Board Motion to Amend Study at 2 (Apr. 2016), available at <https://www.uspto.gov/sites/default/files/documents/2016-04-30%20PTAB%20MTA%20study.pdf>.

Respectfully submitted,

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